

Message Text

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ORIGIN EB-07

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APPROVED BY EB/AN:WBCOBB

ARA/BR - A. WATSON

CAB - C. COLDREN (SUBS)

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FM SECSTATE WASHDC

TO AMCONSUL RIO DE JANEIRO

INFO AMEMBASSY BRASILIA

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E.O. 11652:N/A

TAGS: EAIR, BR

SUBJECT: CIVAIR: PAN AM CAPACITY INCREASE

1. PAN AMERICAN PLANS TO MODIFY ITS US-BRAZIL SCHEDULES EFFECTIVE APRIL 9, 1975. AIRLINE PROPOSES TO INCREASE AVERAGE NUMBER OF SEATS OFFERED PER DAY FROM 621.0 TO 625.7 BY INCREASING NUMBER OF FREQUENCIES OPERATED WITH B-747 EQUIPMENT FROM 5 TO 9. TOTAL NUMBER OF FREQUENCIES IN MARKET WILL DROP FROM 22 TO 16. CONGEN REQUESTED SUBMIT LETTER TO DAC ALONG FOLLOWING LINES:

2. "THE CONSULATE GENERAL, IN ACCORDANCE WITH PARA ONE ANNEX B OF THE FINAL ACT, TRANSMITS THE FOLLOWING CHANGES WHICH PAN AMERICAN WORLD AIRWAYS PROPOSES TO MAKE IN ITS SERVICE TO BRAZIL EFFECTIVE APRIL 9, 1975:

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(1) IN THE SAN FRANCISCO/LOS ANGELES-RIO DE JANEIRO/SAO

PAULO MARKET PAN AMERICAN PROPOSES TO OPERATE ALL FLIGHTS SOLELY WITH B-747 EQUIPMENT. THE AIRLINE CURRENTLY OPERATES THE FLIGHTS B-747 AIRCRAFT BETWEEN THE UNITED STATES AND CARACAS OR PANAMA AND B-707 AIRCRAFT INTO BRAZIL. AT THE SAME TIME PAN AMERICAN PLANS TO REDUCE FLIGHT FREQUENCY FROM FIVE TO FOUR WEEKLY ROUNDTrips BY ELIMINATING THE ONE

WEEKLY ROUNDTrip FLIGHT WHICH NOW SERVES BRASILIA AS AN INTERMEDIATE TO RIO DE JANEIRO AND SAO PAULO.

(2) AN INTERMEDIATE TRAFFIC STOP AT CARACAS WILL BE ADDED TO THE ONCE WEEKLY ROUNDTrip B-747 FREQUENCY WHICH NOW OPERATES NONSTOP BETWEEN MIAMI AND RIO DE JANEIRO.

(3) ONE WEEKLY ROUNDTrip B-707 FREQUENCY BETWEEN MIAMI AND RIO DE JANEIRO/SAO PAULO WILL BE ELIMINATED.

(4) FOUR OF THE FIVE WEEKLY ROUNDTrip B-707 FREQUENCIES, WHICH HAVE OPERATED BETWEEN NEW YORK AND RIO DE JANEIRO/SAO PAULO VIA CARACAS, WILL TERMINATE AT CARACAS AND NOT SERVE POINTS IN BRAZIL.

THIS INCREASE IN CAPACITY HAS BEEN REVIEWED BY THE UNITED STATES GOVERNMENT IN LIGHT OF SECTION IV OF THE ANNEX TO THE US-BRAZILIAN AIR TRANSPORT AGREEMENT, AS AMENDED, THE RELATED EXCHANGE OF NOTES, AND OTHER PERTINENT FACTORS, AND HAS BEEN FOUND TO BE APPROPRIATE.

"COMPLIMENTARY CLOSE."

3. FYI: IN CALIFORNIA-BRAZIL MARKET, PAN AM'S PROPOSED SCHEDULE WILL RESULT IN APPROXIMATE DOUBLING OF CAPACITY DUE TO INTRODUCTION OF B-747 AIRCRAFT, BUT FREQUENCIES WILL DROP FROM 5 TO 4 PER WEEK. PAN AMERICAN STATES THAT DURING 12 MONTH PERIOD ENDING SEPTEMBER 74 ITS CALIFORNIA-RIO DE JANEIRO/SAO PAULO PASSENGER TRAFFIC DECLINED 2.1 PERCENT. DURING SAME PERIOD, TOTAL MARKET GROWTH REACHED 15.5 PERCENT. AIRLINE POINTS OUT THAT ONESTOP CALIFORNIA-BRAZIL SERVICE PROVIDED BY VARIG AND BRANIFF HAVE BEEN MORE COMPETITIVE THEN MULTISTOP PAN AM FLIGHTS. LIMITED OFFICIAL USE

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VARIG CURRENTLY CARRIES 54.7 PERCENT OF TRAFFIC AND BRANIFF 24.8 PERCENT. PAN AM'S PROPOSED SCHEDULES INTENDED TO INCREASE ITS MARKET SHARE. HOWEVER, SINCE PAN AM PROPOSES TWOSTOP SERVICE IN MARKET, IT SHOULD NOT HAVE UNDULY DIVERSIONARY IMPACT ON ONESTOP SERVICE PROVIDED BY VARIG. IF DAC QUESTIONS PROPOSED PAN AM CHANGES, CONGEN MAY DRAW ON ABOVE FOR ITS REPLY. END FYI.

4. CONGEN REQUESTED COORDINATE WITH LOCAL PAN AM REP WHO
WILL SUBSEQUENTLY FILE REVISED SCHEDULES. INGERSOLL

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